

§ 1610.7

7 CFR Ch. XVI (1–1–03 Edition)

(1) The average number of proposed subscribers per mile of line in the service area of the borrower is not more than 15, or the borrower has a projected TIER (including the proposed loans) of at least 1.0, but not greater than 5.0, as determined by the feasibility study prepared in connection with the loans, see 7 CFR part 1737, subpart H; and

(2) The Administrator of RUS has approved and the borrower is participating in a telecommunications modernization plan for the state, see 7 CFR part 1751, subpart B.

(b) The loan amounts from each program (Bank, including amounts for class B stock, and RUS cost-of-money) will be proportionate to the total amount of funds appropriated for the fiscal year for Bank loans and RUS cost-of-money loans. To determine the Bank portion, the total loan amount will be multiplied by the ratio of Bank funds appropriated for the fiscal year to the sum of RUS cost-of-money and Bank funds appropriated for the fiscal year in which the loan is approved. The same method would be used to calculate the RUS cost-of-money portion (see 7 CFR 1735.31(b)). If during the fiscal year the amount of funds appropriated changes, the ratio will be adjusted accordingly and applied only to those loans approved afterwards.

(c) The actual rate of interest on the Bank loan shall be determined as provided in §1610.10; the RUS cost-of-money loan shall bear interest at a rate equal to the current cost of money to the Federal Government, on the date of advance of funds to the borrower, for loans of similar maturity, but not more than 7 percent per year (see 7 CFR 1735.31(c)).

(d) Generally, no more than 10 percent of lending authority from appropriations in any fiscal year for Bank and RUS cost-of-money loans may be loaned to a single borrower. The Bank will publish by notice in the FEDERAL REGISTER the dollar limit that may be loaned to a single borrower in that particular fiscal year based on approved Bank and RUS lending authority.

[58 FR 66252, Dec. 20, 1993, as amended at 62 FR 46869, Sept. 5, 1997]

§ 1610.7 Acquisition of certain exchange facilities.

In the interest of making optimum use of the Bank's loan funds, a Bank loan for the acquisition of exchange facilities under section 408(a)(2) of the Act (7 U.S.C. 948(a)(2)) will not be recommended by the Governor for approval by the Secretary of Agriculture unless the Governor determines that the acquisition is reasonably necessary to improve the efficiency, effectiveness, or financial stability of the borrower's telephone system, that the location and character of the proposed acquisition are such that the acquisition is reasonably necessary to accomplish such improvement, and that the amount of the requested loan for such acquisition is reasonably justified by the nature and scope of the improvement which the acquisition would effect.

§ 1610.8 Adoption of applicable RUS policy.

The policies embodied in 7 CFR part 1610, in all parts of 7 CFR chapter XVII except those identified below, will be utilized by the Governor in carrying out the Bank's loan program to the extent that such policies are consistent with title IV of the Act (7 U.S.C. 941 *et seq.*) and to the extent that policies in 7 CFR chapter XVII are consistent with 7 CFR part 1610. The parts of 7 CFR chapter XVII applicable solely to the Electric Program and thus exceptions to this section are parts 1710 through 1734 inclusive.

[55 FR 39397, Sept. 27, 1990]

§ 1610.9 Class B stock.

Borrowers receiving loans from the Bank shall be required to invest in class B stock at 5 percent of the total amount of loan funds advanced. Borrowers may purchase class B stock by:

(1) Paying an amount (using their own general funds) equal to 5 percent of the amount, exclusive of the amount for class B stock, of each loan advance, at the time of such advance; or

(2) Requesting that funds for the purchase of class B stock be included in the loan. If funds for class B stock are included in a loan, the funds for class B stock shall be advanced in an amount

Rural Telephone Bank, USDA

§ 1610.10

equal to 5 percent of the amount, exclusive of the amount for class B stock, of each loan fund advance, at the time of such advance.

[56 FR 26596, June 10, 1991]

§ 1610.10 Determination of interest rate on Bank loans.

(a) All loan fund advances made on or after December 22, 1987 under Bank loans approved on or after October 1, 1987, shall bear interest at the rate determined as established below, but not less than 5 percent per annum.

(b) The interest rate for the period beginning on the date the advance is made and ending at the close of the fiscal year in which the advance is made shall be the average yield on the date of advance on outstanding marketable obligations of the United States having a final maturity comparable to the final maturity of the advance. The interest rate shall be determined to the nearest 0.01 percent.

(1) For this determination, the Bank will use yields on actively traded Treasury issues adjusted to constant maturities obtained from the *Federal Reserve statistical release* ("Treasury rate"). In accordance with standard Treasury procedures, the rate in effect for any given day is the rate set at the close of business on the preceding day. The 30-year Treasury rate will be applied to all advances with a final maturity of at least 30 years from date of advance. A straight-line interpolation between other Treasury rates will be used to determine the rate applicable for advances with final maturities of less than 30 years.

(2) The Bank will notify the borrower in writing of the interest rate that applies to each advance.

(c) After the fiscal year in which the advance is made, the interest rate applied to the advance will be the sum of the calculations made in paragraphs (c) (1) through (5) of this section. This interest rate determination shall be made by the Governor within 30 days of the end of each fiscal year and shall be determined to the nearest 0.01 percent.

(1) The aggregate of all amounts received by the Bank during the fiscal year from the issuance of Class A stock, multiplied by the rate of return payable by the Bank during the fiscal

year as specified in section 406(c) of the Act, which product is divided by the aggregate of the amounts advanced by the Bank during the fiscal year.

(2) The aggregate of all amounts received by the Bank during the fiscal year from the issuance of Class B stock, multiplied by the rate at which dividends are payable by the Bank during the fiscal year as specified in section 406(d) of the Act, which product is divided by the aggregate of the amounts advanced by the Bank during the fiscal year. Section 406(d) provides that "No dividends shall be payable on Class B stock." The "amounts received by the Bank during the fiscal year from the issuance of Class B stock" means the amount of cash received during the fiscal year for the purchase of Class B stock, plus the amount advanced to borrowers by the Bank during the fiscal year for such purchases, less any Class B stock that is rescinded during the fiscal year.

(3) The aggregate of all amounts received by the Bank during the fiscal year from the issuance of Class C stock, multiplied by the rate at which dividends are payable by the Bank during the fiscal year as specified in section 406(e) of the Act, which product is divided by the aggregate of the amounts advanced by the Bank during the fiscal year.

(4) The amounts received by the Bank during the fiscal year from each issue of telephone debentures and other obligations of the Bank, multiplied, respectively, by the rates at which interest is payable by the Bank during the fiscal year to holders of each issue, each of which product is divided, respectively, by the aggregate of the amounts advanced by the Bank during the fiscal year.

(5) The amount by which the aggregate of the amounts advanced by the Bank during the fiscal year exceeds the aggregate of the amount received by the Bank from the issuance of Class A stock, Class B stock, Class C stock, and telephone debentures and other obligations of the Bank during the fiscal year, multiplied by the historic cost of money rate as of the close of the immediately preceding fiscal year, which product is divided by the aggregate of